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UNDP FINANCIAL, BUDGETARY AND ADMINISTRATIVE MATTERS

UNDP FINANCIAL RISK MANAGEMENT; REVIEW OF OPERATIONAL RESERVE

Report of the Administrator

Corrigendum

Cover page

For the existing text in the summary box, substitute

SUMMARY

The present report provides an assessment of the financial risks faced by the United Nations Development Programme. It includes a summary of the history of the Operational Reserve and presents a review of financial management concepts, including liquidity, working capital and the level of reserves as they pertain to UNDP operations. Finally, the report includes recommendations as to the appropriate levels of liquidity, working capital and reserves that should be maintained under regular and other resources.

The Executive Board may wish to: (a) take note of the report of the Administrator; (b) note the recommended approach to the determination of UNDP liquidity; (c) support the recommendation of the Administrator for the establishment of a reserve for Other Resources activities and the mechanism for its funding; (d) approve the recommended formula for the calculation of the UNDP Operational Reserve, subject to positive review by the Advisory Committee on Administrative and Budgetary Questions (ACABQ); and (e) request the Administrator to report to the Executive Board on the results of the ACABQ review and UNDP action at its second regular session 1999.

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Replace chapter VII, paragraph 55, with the following text:

VII. EXECUTIVE BOARD ACTION

55. The Executive Board may wish to:

(a) Take note of the report of the Administrator (DP/1999/5);

(b) Note the approach recommended by the Administrator to determine UNDP liquidity;

(c) Support the recommendation of the Administrator for the establishment of a reserve for Other Resources activities and the mechanism for its funding;

(d) Approve the recommended formula for the calculation of the level of the Operational Reserve for regular resources, subject to positive review by the Advisory Committee on Administrative and Budgetary Questions (ACABQ);

(e) Request the Administrator to report to the Executive Board on the results of the ACABQ review and UNDP action at its second regular session 1999.